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C O N F I D E N T I A L TEL AVIV 002164

SIPDIS

NEA FOR SATTERFIELD

E.O. 12958: DECL: 04/12/2006

TAGS: KWBG ECON GZ IS PTER ISRAELI PALESTINIAN AFFAIRS GAZA DISENGAGEMENT

SUBJECT: OVER 200 GAZA BUSINESSMEN LAMENT DELAYS AT KARNI
CROSSING AND URGE "ACTIVISTS" NOT TO TARGET COMMERCIAL
FACILITIES

Classified By: Economic Counselor Ted Mann per 1.4 b and d

1. (C) Embassy sources reported that over 200 Gazan businessmen attended a Chambers of Commerce meeting on April 13 in Gaza City. They attributed the large turnout to the seriousness of the problems facing businessmen caused by delays at Karni crossing. (Karni is the only commercial crossing serving the Gaza Strip). Although Karni is technically open, businessmen report that processing has been at a snail's pace for more than two weeks. According to one source, trucks are waiting at the crossing for over seven days to make a delivery as opposed to the customary 24-48 hours. These delays have caused transportation costs to increase seven fold from an average of USD 230 per truckload to USD 1590. Mohammed Yazeji, Seven-Up distributor, reported that his inability to receive inputs for over ten days has forced him to send 80 laborers "on vacation." Yazeji reported that many Gazan businessmen were facing similar circumstances.

2. (C) Yazeji reported that businessmen were running out of ideas. He said businessmen had already written to PA Minister of National Economy Maher el Masri; appealed to Gaza security head Mohammed Dahlan; and sent emissaries to "all the groups" asking them not to "make actions" near commercial crossings/interests -- all to no avail. According to Yazeji, at the April 13 Chambers of Commerce meeting, businessmen decided to use the press to appeal to the GOI to restore full operations at Karni crossing and to tell the international community that Karni should be closed altogether if the GOI planned to only allow it to continue operating in drips and drabs. Yazeji acknowledged that a complete closure would not help the cause, but said the private sector was grasping for ways to sensitize the international community to its plight.

3. (C) Comment: Time and time again, the Palestinian private sector has borne the brunt of terrorist acts and the resulting Israeli security crackdown and closure. The GOI all but froze activity at Karni after terrorists stowed away in an empty container transiting the crossing and carried out the March 14 bombing at Ashdod port which killed ten Israelis. The relief/donor community reacted quickly to this closure, issued international press releases, mobilized the UN and saw access for its humanitarian goods restored relatively quickly. Normal operations were not/not, however, restored for the private sector. With no lobbying ability comparable to that of the international relief community and an apparent inability to dissuade militants from targeting commercial facilities/infrastructure, the private sector is truly caught in the middle. A significant infrastructure upgrade that would improve security and still allow for the expeditious processing of goods is perhaps the most practical solution in the near term. While such an upgrade has been discussed, no decisions have been taken by Israel, the Palestinians, or the donor community on what such an upgrade would entail and how it would be financed.

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LeBaron